

Mr. Coffey

21 Jan

For the 22 Jan. meeting
9:30 AM —

This evidences a broad
field of "financial analysis"
~~that~~ can & should be per-
formed by Off. Finance.

This is not in conflict nor
in the same area of concern
as that ~~is~~ authorized for PRB.

There are a few things in
the attached that to me are
admin - mgmt rather than
"financial analysis" but these
can easily be sorted out.

26 Jan

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19 JAN 1968

MEMORANDUM FOR: Deputy Director for Support

SUBJECT : Financial Analyses Performed by the
Office of Finance

1. This memorandum provides the information which you recently requested concerning financial analysis functions performed in the Office of Finance.

2. The term financial analysis is frequently construed in a broad sense to cover a variety of activities performed in the Office of Finance that involve varying degrees of true financial analysis work. Examples of functions which involve analysis are contract audit work, systems and procedural reviews, internal audit, review of data required for report preparation and desk audit.

3. Using the broad definition, we have summarized the financial analysis functions of each of the Divisions of the Office of Finance. You will note that these functions uniquely relate to the general functional responsibilities of the individual Divisions. Inasmuch as analysis functions within the Office of Finance are integral parts of the functional responsibilities of the component offices, we have not deemed it desirable to concentrate analysis functions into a single work unit.

4. Summaries of the financial analysis functions for each of the Divisions and Staff are attached as follows:

TAB A - Office of Director of Finance and Policy and
Planning Staff

TAB B - Monetary Division

TAB C - Proprietary Systems and Accounts Division

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Office of Finance

TAB D - Certification and Liaison Division

TAB E - Compensation and Tax Division

TAB F - Industrial Contract Audit Division

TAB G - Accounts Division



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~~for~~ R. H. FUCHS
Director of Finance

Attachments
TABS A thru G

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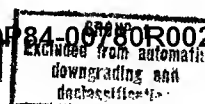
TAB A

OFFICE OF DIRECTOR OF FINANCE AND
POLICY AND PLANNING STAFF

FINANCIAL ANALYSIS SUMMARY

1. Analysis of the effectiveness of Agency financial systems and related procedures for the purpose of establishing new procedures or making changes to improve the financial management of Agency resources, conform with new or revised external requirements (new or revised laws, Bureau of the Budget regulations, etc.), and to maintain or improve internal control practices within the Office of Finance.
2. Analysis of financial operations for the purpose of satisfying statutory responsibilities delegated to the Director of Finance.
3. Analysis of the financial factors involved with other Government agencies for the purpose of formulating appropriate agreements with such agencies respecting funding arrangements and reimbursements.
4. Analysis of the operations of non-appropriated fund activities for the purpose of providing technical guidance and assistance in the maintenance of appropriate accounting systems and related procedures, e.g., the Government Employees Health Association, Employees Activity Association, Executive Dining Room Fund, etc.
5. Analysis of regulations and procedures to evaluate employee suggestions and answer correspondence concerning areas of concern to the Office of Finance.
6. Analysis of proposed legislation and regulatory issuances or decisions of other agencies having financial significance for the purpose of providing policy advice to Agency officials or developing proposed changes in Agency regulations.

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TAB C

PROPRIETARY SYSTEMS AND ACCOUNTS DIVISION

FINANCIAL ANALYSIS SUMMARY

1. Analysis of proposed and on-going administrative plans to determine that appropriate financial provisions and fiscal controls are contained therein, and that the fiscal policies and procedures used are consistent with Agency policies expressed in the regulations and with like businesses.
2. Analysis of liquidation plans to ensure that all assets are accounted for, the planned disposition of assets is consistent with good management practices, and information is provided as to a fair selling price.
3. Analysis of financial statements to reflect the investment and changes thereof in the Agency record, and that any Agency non-cash assets introduced are reflected therein. Determine that the entity is carrying out the restrictive provisions imposed thereon, such as the borrowing and investments of funds, and comparison of cash on hand to requirements for 90 days. Determine if the instrumentality is properly recording Agency funding in order to minimize net income and the resultant tax liability.
4. Analysis of requests for funds with rates of usage so that cash on hand is consistent with like businesses, risks involved, and volume of business conducted.
5. Comprehensive analysis of data for periodic and special reports reflecting information for management decision making, e.g.:
 - (a) Proprietaries by Agency component,
 - (b) Assets of proprietaries,
 - (c) Agency net investment in proprietary instrumentality,
 - (d) Agency air activities by Directorate, and
 - (e) Special reports to provide management with the amount of a fair selling price for an instrumentality.

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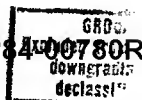
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TAB C

6. Analysis of corporate structures and business enterprises contemplated for use or used to approve accounting systems employed. On a planned and periodic basis, survey the accounting systems used by project instrumentalities to determine that good fiscal practices are followed by the project; to determine the Chart of Accounts and Accounting Manual reflect appropriate accounting policies and procedures to provide financial reports for use by project and headquarters management; and review the internal controls of each instrumentality to ensure their adequacy consistent with sound accounting principles.

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TAB D

CERTIFICATION AND LIAISON DIVISION

FINANCIAL ANALYSIS SUMMARY

1. Analysis of decentralized fiscal activities to determine compliance with Agency financial policies and procedures, observance of audit criteria prior to certification for credit or disbursement, and areas of performance requiring further advice, assistance, or training.
2. Analysis of the system for receipt and payment for property received under the FEDSTRIP/MILSTRIP systems to verify the acquisition of goods.
3. Analysis of data on losses and shortages of official funds to identify causes, fix responsibility and recommend remedial action.
4. Analysis of procedures subjected to adverse Audit Staff comments to determine corrective actions required.
5. Analysis of data on all persons separating from the Agency to determine that financial obligations are settled prior to separation or the sources of repayment are available and satisfactory.
6. Periodic analysis of advances and accountings therefor, agent contracts, and advances to certain stations, projects and agents, to ensure the accounts reflect current and accurate data.

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TAB E

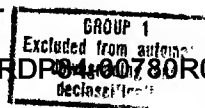
COMPENSATION AND TAX DIVISION

FINANCIAL ANALYSIS SUMMARY

1. Analysis of contracts, cover company agreements and salary reports to establish amount payable by the cover entity, amount of Agency pay and allowances, and method of payment.
2. Analysis of compensation data to prepare reports and furnish management with data for information and decision making. Such reports are required by the Civil Service Commission, Internal Revenue Service, Bureau of the Budget, and the Agency Office of Personnel.
3.
4. Analysis of compensation data for employees detailed to and from this Agency to establish amounts due to and from this Agency.

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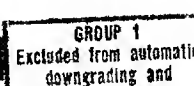
TAB F

INDUSTRIAL CONTRACT AUDIT DIVISION

FINANCIAL ANALYSIS SUMMARY

1. Analysis of proposed costs, including time and materials, for contracts to determine the composition and support for the proposed costs, and to determine labor and overhead rates and the resultant profit from substantiating data furnished by the contractor.
2. Analysis of contractor's accounting and administrative systems, history, activities, and financial resources to determine significance of the findings in relation to the proposed or on-going contract.
3. Analysis of data to prepare advisory, overhead, and final audit reports to show the nature of costs incurred, particularly those about which there is question of acceptability, and to show indirect costs claimed as basis for negotiating overhead allocation rates for use under Agency contracts.
4. Analysis of contract data used by other Government agencies of indirect expense allocation rates to report the results of the manner in which they were established and our opinion as to their acceptability for use under Agency contracts.

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